Interview with Herbert Salzman

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

AMBASSADOR HERBERT SALZMAN

Interviewed by: Gordon W. Evans

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Q: I have the good fortune to be with Mr. Herbert Salzman. Mr. Salzman was the ambassador to the Organization for Economic Development in Paris and to the International Energy Agency from 1977 to 1981. This is June 13. I am in his office. It is about 3:15 on that date. We are going to proceed with the interview of his service, both in Paris and elsewhere in the international affairs community, should time permit. Good afternoon, Mr. Salzman.

SALZMAN: Good afternoon, Mr. Evans.

Q: I would like to start, as we are asked to do, by your giving a brief career summary of how you became involved in the U.S. foreign affairs community.

SALZMAN: I've always been interested in overseas and have lived overseas for various periods before entering the government. When I sold my company to a major U.S. corporation in 1966, I was invited to Washington to talk about going overseas as an ambassador. Without any prior experience in the federal government—I did talk to some of my friends—I realized that without some knowledge of how the Washington bureaucracy worked, I really wouldn't be very effective as an ambassador, nor as a consequence, be very happy with myself. Therefore, I suggested—this is during the Johnson Administration

—that I be appointed to a job in Washington to learn the ropes, and then I would go overseas.

This is how I came to be appointed to AID as assistant administrator. I got involved to the point of developing the Overseas Private Investment Corporation, secured it's enactment by the Congress and became its acting president. By this time, it was the Nixon Administration, so the prospects of me being appointed as a Democrat to an embassy were unreal. In any event, I became the executive vice-president of the Overseas Private Investment Corporation and remained involved with it in one capacity or another until 1977 when President Carter appointed me to the OECD.

So I had the privilege of serving under President Johnson initially, under Nixon twice, under President Ford and Carter with fifteen years or so of unbroken service in the federal government. This experience became particularly relevant when I was appointed to a multilateral organization such as the OECD, which is a mechanism for consultation with the other twenty-three industrialized countries in policy matters ranging from macroeconomics developing countries, energy, macroeconomics, monetary policy, East-West issues, etc. It was important to have a good appreciation how Washington worked.

The job of ambassador is basically to explain policy, not to make it. His usefulness is a direct function of who wants to make use of him. The more important part of my title was not ambassador but was Permanent Representative. Before leaving Washington to go on post in 1977, I visited the Cabinet officers for each of the major agencies and departments, and asked them whether they wanted me to be their permanent representative. They all agreed. That made me the senior person in the OECD delegation for each of their departments though there were officers detailed to my mission who were employees of those agencies. There was no question about who was boss.

Q: Could I ask, sir, whether your predecessors had used the same approach? It seems eminently appropriate that they made the rounds of the departmental secretaries and

to confirm that they in fact would back you as the permanent representative. Did your predecessors do the same, as far as you know?

SALZMAN: I don't think they did, no.

Q: I don't either because of my association with OECD. I think it is a very notable public administration approach, and I'm sure it was helpful to you time and time again.

SALZMAN: With one exception, my predecessors were all foreign service officers and they considered themselves to be employees of the Department of State. More over, the other agencies considered them to be employees of the Department of State which did not necessarily mean they were welcomed by the bureaucracies of the other agencies.

For example, I accompanied the Secretary-General of the OECD to Washington on his visits. An important reason why State was prepared to pay my transportation costs—and as you know budgets are very tight on travel—was that I was welcome at the Treasury. I could report to State on what took place because a State employee would not have been invited to attend the meeting of the Secretary-General with the Secretary of the Treasury.

Q: I feel that in communications of that nature, you were invaluable to State, and I'm sure you were very important to Treasury and to others. What were the departments you represented as the permanent representative? You had State and Treasury.

SALZMAN: State, Treasury, Labor, Agriculture, Commerce, and Defense.

Q: Defense.

SALZMAN: Because of COCOM.

Q: Was Health with you at that time?

SALZMAN: No. Environment.

Q: And the trade representative in the Office of the President?

SALZMAN: STR.

Q: Oh, STR. Well, let's move on. In the sense of your role as the permanent representative with ambassadorial status at OECD, there were many principal players in shaping U.S. policy in the membership countries of OECD. If you were to summarize the nature of the policy play during your service there, how would you picture that?

SALZMAN: The policies were reflections of the policies of the individual agencies. Labor Department policy for example, under Ray Marshall who was then Secretary, was that of a broad-minded, and liberal, socially-oriented approach to cultural problems. This included the nature of the representatives whom he sent to the meetings of the OECD on Labor meeting agendas as well as the substance of the positions they took.

Our people were received sympathetically by the Scandinavian delegations from national capitals as well as by the delegations located in Paris. Their social philosophies and conceptual notions were pretty much the same. This is not to say that the Germans and the British, etc., did not share many of the same views; they did. But if you had to have a conspicuously parallel kind of view of the world, I would say the Scandinavians and ourselves were—under Ray Marshall—pretty much the same.

The positions varied from agency to agency and to some extent, these policies were dictated by domestic politics. Most foreign policies, in my opinion, are reflections of domestic considerations, and certainly that of the United States has to be considered to be a reflection of domestic issues and domestic constituencies though there may well be sincere and strong attempts to reconcile those positions with those of other countries.

Another example is energy. In 1978-79 when the price per barrel of oil went to forty dollars, the United States didn't have gas-rationing, and we were still selling gas at pretty low prices. Where we had prices of perhaps a dollar or a dollar and a quarter per gallon,

the average price of gasoline on the continent of Europe was closer to three and a half dollars. The Europeans couldn't understand why we didn't have comparable prices to theirs if we were sincere about conservation.

Well, the Europeans tend to think of the United States, as one homogeneous whole, not unlike their own countries. They don't have as keen and close an appreciation of our realities that they have of their own, naturally and understandably. It wasn't until I could respond and say, “When your people in Norway have the same political views on energy as the people, let's say, in Italy, then our people in Massachusetts and our people in Louisiana and Texas will have similar reconciliations of views. In the meantime, we don't because the United States is more akin to Europe as a whole and can't be thought of in terms of individual states. You don't think of it as individual states, but the regional differences in economic terms are very substantial.”

Q: Yes. Did you feel that in terms of economic assistance and one of the catalytic roles the U.S. played in the assisting the creation of OECD in the late 1940s, early 1950s, did you feel that by 1977-78 there were some industrialized countries of Europe that were a bit impatient with us in terms of aid levels and our commitment to economic assistance?

SALZMAN: Are you talking about economic assistance to less-developed countries?

Q: Aid to the less-developed countries, the State/AID side of your representation.

SALZMAN: It's a habit of national representatives to think in terms of what is in the interest of their country. Therefore, it was in their interest to see the shortcomings in our positions and rarely did I expect to see great appreciation of the positive aspects of our positions. Having been in AID myself for many years, I had made the same speeches that they had made. I am familiar with the ideology that's involved which in some cases is reduced to doctrinaire approaches to policy.

Q: Yes.

Q: Yes. Would there be any other agency, Treasury or Agriculture, where your policy package from those departments are worth noting? Any d#marches that were either difficult or exceedingly effective?

SALZMAN: Well, the one that was effective was the Environmental Protection Agency's attempt to achieve uniform testing standards for toxic chemicals in national laboratories. It is an expensive process to test any given toxic substance for conformance with the various standards that have been set. And there was little willingness on the part of any one country to accept the testing standards of another country's laboratories.

When these costs were brought to my attention, we were able to get it through the OECD in less than a year. “It” was an agreement that the laboratories of the countries involved would adopt the same standards of testing and thereby make it possible for the other countries to accept their test results without duplicating those tests. That would be one example.

There was another one about they achieved some better understanding on trans-border data flows. Trans-border data flows, referred to the free flow of information across national boundaries primarily in the field of computers. This was not an earth shaking event to most people any more than the Environmental Protection Agency's toxic substances tests. They are not apt to appear as headlines in the New York Times tomorrow morning or any other morning.

Obviously, the ones that were not in the limelight were easier to negotiate than the others, particularly when it could be demonstrated this was at a financial cost to the countries involved if they did not pursue a cooperative approach.

There was agreement in the macroeconomic area in 1978 using the old locomotive theory that the Japanese and the Germans would reflate if we traded them something else that we would do in 1978.

We read a great deal about coordination of national economic policies, usually referring to macroeconomic and monetary policies. Lately, of course, we have been hearing a lot about trade policy. Unfortunately, it seems to often be the case that it is a zero sum game, that benefits one country, and may cost them another.

I felt that the United States in the shorter-term may have lost something in the formation of the European Monetary System. I think this was a reinforcement of European cooperation amongst themselves. This greatly strengthened the position of the Community. It manifested itself when countries such as France, Germany and Denmark voted a community-developed position rather than acting independently.

The development of what amounts to a community caucus, preempts to a large extent the discussions in the OECD. It encourages confrontational politics with not much room for adjustment. This diminished our influence, substantially. My role as the representative of the United States was not to participate in the diminishment of U.S. influence but rather the opposite. Therefore, the EMS and the caucus of the Community countries was something I did not look on with favor.

Q: No.

SALZMAN: And did my best to derail it. The EMS, the European Monetary System, was, as a matter of policy, accepted in Washington. It was not my job, however, to strengthen the caucus of the European community in an organization of supposedly twenty-four autonomous national delegations.

Q: Let me ask you with 1992 coming up and OECD being such an integral part of the economic/monetary framework of inter-country cooperation in Europe and from your 1977 to '81 perspective, what would you forecast as the likely nature of the relationship between the European community and the United States, say from 1992 to the end of the century?

SALZMAN: As the community emerges as, in effect, a sovereign entity, The U.S. will have as a consequence more of a bilateral relationship with the community. It seems to me that a bilateral relationship is inevitable. The community is now, twelve or soon to be thirteen—

Q: Right.

SALZMAN: What countries are left that are not in the community?

Q: All of eastern Europe.

SALZMAN: Well, but you see the OECD doesn't deal with eastern Europe.

Q: At this point.

SALZMAN: At this stage.

Q: That's right.

SALZMAN: And nor have they yet admitted the newly industrialized countries, Mexico, Brazil, or Korea.

Q: Spain and Portugal having come of age in one sense.

SALZMAN: But they are members.

Q: Yes.

SALZMAN: They are also members now of the community. Given the economic ties that either exist or will shortly exist, Spain and Portugal will be integrated into the community in a very substantial way. Therefore, we will find ourselves dealing with the fundamental issues in those countries more through the community than Bilaterally. Which is not to say

that we won't have business to do with each of the countries, but I suspect more is going to be through the community.

Q: Do you feel that OECD as it was structured after World War II bolstered by the Marshall Plan, will pay greater attention to the developing world? Do you feel that it is still relevant as organized? Or, would it be appropriate to possibly alter its structure?

SALZMAN: I start by saying that the OECD did not get independent funding when its rivalry with the IMF did not come off. The IMF became a much stronger organization by virtue of its funding. The OECD will probably remain important as an additional channel for international consultation or policy coordination. Policy coordination can be at many different levels ranging from simply exchanging information to actual agreement to act together.

Q: Yes it does.

SALZMAN: International cooperation as we have experienced it confirms the need for consultation and the forum will be the one that is appropriate to the subject matter involved.

Q: Do you think the community will permit national participation within the OECD framework after 1992?

SALZMAN: I don't think they will have any choice.

Q: Okay.

SALZMAN: Bureaucracies have a way of surviving and finding other functions.

Q: Right.

SALZMAN: But certainly the community will be a much bigger factor. Nevertheless the east European countries—and importantly the Far Eastern countries, Japan notably, will become bigger factors.

Q: Right.

SALZMAN: The important thing is that people at the policy level need to talk together to at least understand the other fellow's position. As somebody once said, “to understand is half-way to agreement.” And that is important.

Q: Sure.

SALZMAN: With the decreasing size of the world, this consultation process will increase. A good part of it will take place at the places like the OECD primarily because it hasn't yet been politicized. The criticism of the UN, of course, is that so much of it has been politicized.

Q: What were the other twenty-three countries of OECD's principal objectives as far as the U.S. was concerned?

SALZMAN: You are talking about the EMS.

Q: That's right. Would you address the issue of some of the significant principal objectives of those countries other than the United States with whom you were associated?

SALZMAN: If you look at the objectives in the OECD of a country like Finland or Denmark or Norway, Sweden, Austria, the smaller countries, they simply don't have the capability to do the research in so many different areas of concern that let's say the United States, Japan, and Germany can. Their most immediate objective is to gain access to a body of knowledge, to a fund of knowledge, that they just don't have. They then can make their decisions in the light of fairly good information.

The United States, at the other extreme, isn't dependent on the secretariat of the OECD for information on X, Y, or Z. We have expert people in abundance, and we can manage without the contributions of the OECD secretariat. If the U.S. interest, therefore, is not for information, why are we there? Washington accepted the thesis, that where else could policy-makers come for only two or three days and meet the top policy-makers in twenty-three other governments?

Q: Sure.

SALZMAN: At the cost of a trip to Paris, it is helpful to meet and talk with your opposite number, personally. I succeeded in getting the President of the United States to deal with the OECD for the first time. The Cabinet officers—the Secretary of the Treasury, the Secretary of State, the Secretary of Labor, the Secretary of Agriculture, and so on, came to ministerial meetings. The trade representative, of course, was included.

Q: Having met originally their counterpart in Paris, was this helpful when they visited national capitals?

SALZMAN: In organizational terms, when a Cabinet officer comes to an international forum such as the OECD and makes a statement there, the people who are back home in Washington read that statement and that becomes the party line. So by getting the Cabinet officer to come to Paris and make a statement has a profound influence on what the people in the bureaucracy are going to do back home. So the job, of course, is to find out what the Secretary wants. What is he trying to accomplish and what is in the OECD scripture that lends itself to the accomplishment of that purpose. The ambassador's job is not to satisfy the OECD but to satisfy his own bureaucracy back home.

Q: Let's examine your relationship with the International Energy Agency—which was a product of the 1974 oil crisis. Were you supported by Washington policy? Would you say that we were in the mainstream of the global policy vis-a-vis the OPEC countries, or do

you feel that the United States was misunderstood in its relationship with the International Energy Agency?

SALZMAN: The U.S. energy policy diverged sharply from that of the other countries during the OPEC shortages of the late seventies. And for very obvious reasons. We are an oil-rich country ourselves. We may import oil, but, a little bit more than half, of our needs are supplied domestically. Europe, not withstanding North Sea oil, is woefully short of oil. Therefore, their policies have to be different than ours. That goes a long way towards explaining the fact that we had a dollar or dollar and a half price for a gallon of gasoline whereas other people paid three and a quarter to three and a half dollars a gallon.

We were of the opinion that oil demand was not going to be price-sensitive. We were wrong. Events have proved that. But for quite a while, the macroeconomists and the energy economists were devoted to that theory. Whether that theory was politically-inspired, I have no way of knowing. But I do know that the elasticity notion, the elasticity of energy consumption relative to price was demonstrated beyond question.

Q: If you were to list three or four of your most significant accomplishments, what would they have been?

SALZMAN: Not necessarily in order of importance, one accomplishment was to interest the top policy-makers in the U.S. government to come to Paris and to consult with their opposite members.

I was also able to recruit a very good staff. When I first came to the OECD, there were few applicants for vacancies. By the time I was there a year, we had large numbers of people applying to join the mission. Since we were fifty-some odd Americans, it is important that the whole mission perform at a certain level. By attracting good people, we were able to do our jobs better. Good reporting and good analysis, made sure that Washington didn't have

any surprises. To the extent we earned their confidence and respect. Washington wasn't going to spring many surprises on our opposite numbers.

Q: No. That's right.

SALZMAN: Insofar as substantive accomplishments it is important that the Secretary General of a multilateral organization, be sympathetic and supportive of the United States' positions.

Q: Sure.

SALZMAN: When I was there the Secretary General had already served two terms, and there were many people who were anxious for him to leave. We tried to find an American or a foreigner who would be adequate substantively as well as in terms of his attitudes towards the United States. Despite diligent efforts, we were unable to find somebody who would be both qualified and acceptable. So, despite the opposition, particularly of the national delegations permanently stationed in Paris, we were able to secure his reappointment.

Q: I see. He was grateful for that, clearly.

SALZMAN: Though he was grateful for that, fundamentally his outlook was apt to be, sympathetic to the position of the United States. He knew the United States. He respected the United States. Despite our obvious shortcomings, he felt that we played a constructive role in international cooperation which was his major interest. So I think that was an important accomplishment.

In the policy areas, you win some, you lose some. I don't think there was anything very earthshaking. The major accomplishment was that we did reach a common understanding with the other countries. Sometimes it was by push, and sometimes by pull. In macroeconomic policy, for example, Charlie Schultz became the chairman of the

economic policy committee. By getting Charlie Schultz to be chairman of the economic policy committee and his counterparts as participate in other committees, what we did was really to run a preview of the Economic Summits. The countries that did not participate in the Economic Summits were jealous of the summits.

We developed a scenario with the cooperation of Washington wherein the summit was a play in three acts. The first act was to prepare the summit. And a great part of that was done in Paris at the OECD by principals from Washington meeting with their counterparts in Paris.

Q: And that included all twenty-four countries, not just the seven.

SALZMAN: The cooperative process included all 24 members, but there is something in the OECD called the Bureau. The Bureau is a smaller steering group, not formally recognized anywhere but nevertheless very powerful. And it's membership was the seven Economic Summit countries.

Q: I see.

SALZMAN: The seven would meet as bureaus, decide what they would share with the OECD and basically frame set the agenda and agree on the conclusions to be reached at the Economic Summit. We also arranged for the host country for the Economic Summit to send their summit preparer to Paris immediately after the end of the summit and brief the twenty-four on what had happened at the summit. So while the twenty-four were not in the summit, or sixteen—

Q: Or seventeen.

SALZMAN: The seventeen were not at the summit. They were briefed in the beginning, and they were briefed at the end. We reconciled the two groups and their feelings and sensitivities involved as best we could. That was useful.

Q: I had not known that, and I could understand the feeling of being part of a process even though you are not one of the lucky seven that would be involved.

SALZMAN: Powerful seven.

Q: Powerful seven, right, powerful. I guess power is not dependent on luck.

SALZMAN: Usually not.

Q: In terms of your service there and even in your relationship with Washington and other national capitals, what would you cluster as the greatest frustrations, two or three of them that might come to mind?

SALZMAN: The OECD is not conspicuous for action. Understanding another fellow's problem is not necessarily an action. So that could be frustrating. But I had served in Washington for many years, and I had an appreciation of how the government works, so my expectations were not high enough for me to be frustrated.

The emergence of the European Community caucus and the extent to which it impinged on U.S. influence was frustrating.

I also found it very difficult, if not impossible, to recruit qualified people for good positions in the Secretariat. You see, the OECD had 202 committees, each one of which studied a separate area. And there are some 2,000 or 1,800 professionals in the OECD itself. If we could place qualified Americans in senior positions, this influence the conclusions. It certainly influenced the Germans and the French who had those jobs. And that's why it was important to have a favorably disposed Secretary General. I did arrange to have the Secretary General appoint a retired U.S. Foreign Service Officer as Deputy who could be counted on to be friendly to the interests of the United States. I had the refusal of other senior jobs for which I could not get people to volunteer even though the compensation

I thought was attractive—$100,000 a year tax-free should have been attractive. But we were unsuccessful.

Q: If you look back on the four years, five years, of service in Paris, what would you have done differently? You have a perspective now of seven or eight years, looking back on it. If you were to have been able to have a tabula rasa, what would you have done differently?

SALZMAN: I don't know that I would have done much differently. The one area that I have sometimes thought about would have been to involve myself more deeply in the domestic political concerns of the U.S. policy-makers who came to Paris. Had I done so, I might have been able to serve them and their interests more effectively.

For example, if I had taken the time to cultivate the members of the Advisory committee on the employer side, I might have gotten really into the guts of what they were doing and why they were doing it. I was closer in a sense to the Advisory committee on labor because it was easier to understand.

Q: This was a tripartite arrangement?

SALZMAN: Yes. So there was a labor advisory committee and an industry advisory committee—Many of these people were ingenuous. Not the labor representatives; they knew what they were doing. But the corporate types were generally, I thought, politically rather naive. I might have been able to do a bit more there in terms of either getting them to realize the nature of the problems, including a lot of the things that we talked about here today, so that they would know what they were up against, or get a keener appreciation of why what they were advocating was really significant.

Q: You were certainly proud of the role that you played behind the scenes in the extension of the Secretary General and also in terms of attracting to your own mission, talented Americans to serve. On the frustration of Americans entering into the secretariat of OECD, the salary appeared not to be the constraint. Would you think it partly was a matter of

interrupting a career? Could this have been a career appointment, or would it have been just a brief interval in Paris?

SALZMAN: It could have been either. But most Americans are not anxious to move to a foreign country and, in effect, become expatriates. There needs to be something in their early experience that makes that an acceptable adjustment.

Q: Did you travel in the United States, when you were back to universities and to other institutions to do any recruitment of personnel or have any of your staff do this actively?

SALZMAN: We actively pursued recruitment but primarily through the agencies that were involved.

Q: Yes.

SALZMAN: Because they had an interest in it.

Q: Of course.

SALZMAN: And they knew who the people were.

Q: Sure.

SALZMAN: Most important, they were able to exercise some judgment because it would be best that we not have anybody at all than to get somebody who wasn't qualified.

Q: Right.

SALZMAN: For example, Charlie Shultz looked for the top—

Q: We have reached a point where we are just reviewing what he would have done differently during this four-year service. And so, if I may, I will ask you what you would have done differently?

SALZMAN: Well, one thing that I did do, but I would have done more of it, was to visit the capitals of my opposite numbers. I had invitations to speak in Frankfurt, Wellington, New Zealand, Tokyo, Stockholm, wherever, and that would be the excuse for going to that country. I always made appointments with my opposite numbers, and with their bosses. And I discussed with the bosses the issues we would be discussing in Paris. And I feigned an idea as to who was giving the orders to the fellow I had to deal with on a day-to-day basis.

For example, I remember going to Bonn, at the time of the formation of the consortium to aid Turkey. We were interested in Turkey receiving aid because of its NATO involvement aside from other considerations. But Washington thought it best that the United States not take the lead, that we should rather join someone else. In Bonn, I talked to the senior foreign office official about the consortium. And that in light of the long-standing relationship between Germany and Turkey going back to World War I, wouldn't it be appropriate for the Germans to take the initiative? There would be a certain amount of credit to be reaped by the Germans, and sure enough, the Germans led off in the Turkish consortium. We raised a lot of money for Turkey, and it became an annual event. It became part of the bargaining process to get Turkey to make some of the reforms that needed to be made in terms of their economic structure and so forth: Including privatization, inflation, macroeconomic policies, etc.

So I would have done more of that.

Q: I see. Of the twenty-three member countries, naturally Washington was well-represented by you, but how many capitals would you have gone to during your tenure?

SALZMAN: How many did I go to?

Q: Yes.

SALZMAN: Eight, ten.

Q: Would that have included Tokyo?

SALZMAN: Yes. There was talk about forming an OECD of the Pacific, which is now around again. State asked me to go out there and make speeches, but importantly, to visit with various people and remind them that the United States was a Pacific power as well. The pacific wasn't just Japan and Australia and New Zealand, and that there was another side to the Pacific Ocean. We wouldn't look with favor on a consultative arrangement which did not include us important architects of it. So that was sort of a by-the-by thing.

Q: In terms of our overall foreign policy towards the OECD countries, and there were twenty-three of them in question during the period of your service, what would be your overall judgment? I realize it is highly disaggregated, but what would your overall judgment of the quality and effectiveness of U.S. policy in these various component areas?

SALZMAN: For the most part, it was very effective, the conspicuous exception being energy policy.

Q: And the energy policy was related to the constraints of our own domestic—

SALZMAN: I suspect so.

Q: Yes, structure.

SALZMAN: We simply couldn't pass the bill. Jim Schlesinger was then Secretary of Energy. It looked as though we had it all locked up, but then if you remember, we failed by a few votes to carry it in the Senate. I look at that as a major disappointment, a disappointment in the sense that it would have been good for the United States. We finally came to it in a different way, but we could have saved a lot of money and made the adjustment easier.

By and large, in the other areas, I think one should recognize that the representation of the United States in all of the various areas to which I refer to needs someone of high caliber. They may not be of extraordinarily high caliber compared to an astronaut or some great brain in one of the universities, but when you look at them against the background of the people who came from the other countries, our people are very good—very good, very decent, articulate, do their homework. Most of all, they work. We really do the work, and I found very few straphangers in the delegations.

I saw a great many members delegates from the U.S.—I couldn't see all 2,000 of them who came to the OECD from Washington each year. I saw a lot of them. I made it my business to see at least the head of the delegation and maybe two, three, four others, and not necessarily together. I entertained them at lunch or at dinner or whatever, and some of them stayed at my house. Whenever I had open beds, we would invite them to stay. And, of course, that saved them money but it also gave me an opportunity to talk with them in an informal, private way. I would say that they were very impressive.

Q: I would interpret this to mean that you had well-articulated policies on paper, but it is also extremely important to have a personal quality of those in the delegation bringing these policy statements to life.

SALZMAN: No question about it. The bureaus, for example, were informal organizations with no minutes taken, and it was very important that you be able to not only have a good argument but to present it persuasively. I think the things that happened informally and off the record were more important than what took place on the record. The record was necessarily going to be compromise language that everybody could agree to, weasel words. But the private consultations, that's what it was about, as it usually is in Congress and elsewhere.

Q: That's true. I would like to side-step this for a moment and use your experience, if you would, sir, not only in Paris but in Washington and since leaving the service to give some

insight in two areas. One, it relates to the nature of the dilemma of integrating eastern Europe into the international economy. Not just integrating western Europe into eastern Europe. What role from your perspective could you possibly see OECD or an enlarged OECD playing in that integration process over these next nine years.

Let me ask the other question as well as it would relate. You did imply that there was a movement to have some kind of a OECD mirror image in the Pacific rim, and that that might be a movement that would be separate from the European OECD. As one sees the convulsions in China and, to a certain extent, elsewhere, do you see a follow on institution in the 1990s and early in the new century that would build upon the regional integrating process that is occurring? But now can the U.S. protect its interests, and also advance this more inclusiveness process that is underway?

SALZMAN: If the OECD has accomplished anything, you have to attribute it to two things. The first is that the members are much more similar to one another than they are different from one another, unlike, let's say, the members of the UN.

It is pretty difficult to bring together in a cooperative framework countries which have very different points of departure, very different structures, very different cultures. There has to be common ground.

Q: Let me ask at this point though, wouldn't it be possible to suggest that the reformists in Hungary, for example, are fairly much in harmony with economic policy makers in western Europe, by and large? Now, admittedly, it is still within a constrained framework, but as things are opening up, don't you think there would be an opportunity at some point for a reformist country where the economy is moving relatively effectively in a country such as Hungary to be more an integral part of OECD?

SALZMAN: That could happen.

Q: What could, yes.

SALZMAN: As of 1989, however, I would be forced to make a judgment. Not withstanding the remarkable changes I don't know that the policy premises in Hungary today, are compatible with the assumptions and the cultural concepts and the economic structures of the OECD countries.

Japan is a major player. And Australia is becoming more of one. Again, what would it do to the position of a country like Finland? You might more likely ask why not include Brazil or Mexico. Brazil is today close to being an industrialized country with its pluses and its minuses. So it would seem to me that Brazil would be nearer graduation into something like the OECD than Hungary might. I just don't know enough about—about Hungary. Bear in mind that much of the success of the OECD is because of the rule of consensus. You know how it started at the OECD?

Q: No.

SALZMAN: The Marshall Plan money was sent over as a pot, and the U.S. took the position that we didn't care how it was divided up amongst the member countries as long as it was done by unanimous agreement. That rule of unanimity, of consensus, carried over into the OECD. Anything that is done by the OECD is by consensus, and that explains the kind of ambiguous, general language that sometimes comes out of the OECD. And that is why the side agreements, the informal understandings, are so important.

If you were to include countries whose ideologies are quite different from—let's say if you were to suggest Hungary, I wonder how Switzerland would react. I have a feeling that Switzerland would not welcome Hungary in the OECD. Maybe that will change over time, but as of now, I don't think so.

Q: Let me seek clarification. OECD has been twenty-four countries from what point in time?

SALZMAN: 1960.

Q: And before that, there were fewer. And then there were some that were added at that time.

SALZMAN: Japan was added in the seventies and Australia and New Zealand were added in the seventies.

Q: So it was less than twenty-four in 1960. The OECD leadership and the U.S. and other national interests impinging upon it should be very eclectic, somewhat cautious, well aware of the nature of the process that one would want to preserve and not to play havoc with that process just in order to assimilate?

SALZMAN: Yes. I don't think that membership expansion is worth much unless there are good reasons why it would benefit all concerned—and I would say concrete, tangible reasons. When I was at OPIC, I worked on the treaties with Yugoslavia and Romania for private investment in those countries. How do you create opportunities for private investment in countries like Romania and Yugoslavia? It isn't easy.

Q: No. I think Romania is still searching.

SALZMAN: Until you recognize that something called an enterprise is needed, You don't have the building block to work with. In Yugoslavia, it was easier because they did have the concept of the enterprise.

Q: Yes.

SALZMAN: Not our kind of an enterprise, but it was an enterprise. It seems to me that you have to look for these kinds of things, and then talk about them and how it would benefit those people and ourselves and the other members of the OECD to include them.

Q: Well, let me ask the last question. This relates to the Foreign Service as a career choice for your son or daughter or grandson or granddaughter. But let me more broadly ask that question. Say your oral history is being replayed by an undergraduate about to do graduate work in this country. What would be the three or four principal recommendations you would make for them at that stage in their career to prepare for spending part of their life either in the U.S. Foreign Service or in the very exciting role that you have played in the Foreign Service?

SALZMAN: Major changes have taken place in the Foreign Service and in the State Department. The revolution in transportation and communications has had its effect on international policy-making as well. At one point, the British government had a committee study the issue of whether to disband their Foreign Service on the grounds that it would be easier and cheaper to travel people from London to wherever the problem arose. It did not carry by a narrow vote.

In the United States, the Department of State is under great pressure from many agencies each of which, in effect, conduct their own foreign policy.

Q: Right.

SALZMAN: An example of that in quite concrete terms is the Department of Agriculture. I accompanied the Secretary of Agriculture on a trip in 1980 to the Soviet Union to sell them grain. I don't think the Department of Agriculture was really very concerned about our relationships with the Soviet Union or the situation of the Russian people nor did they have great sympathy for their history or their music or their creative arts. They were there to sell grain.

This means that the Department of State is in today's world an organization in search of a mission. The functional relationships are very complex. I learned a lot on that trip to the Soviet Union. If you want to deal with grain, you really have to know something about it. If

you would go to a pig farm, you ought to know how pigs are raised and the strengths and weaknesses of the organization you are looking at. I don't think we have that capacity in the State Department.

The functional breakdown is more important today than it ever was. And it is comparatively easier and cheaper to send people as needed rather than station people on post. This will give pause for thought to an undergraduate or a graduate student thinking about international relations as a career.

I would prefer in the best of worlds, that he throw his net rather wider than the Department and study international economic relations. With the nuclear stalemate, economic relations are more important today than they ever were before. The military-strategic element may well be over-weighed by economic considerations rather than the other way around. A young person would do well, I think, to study in this broader context whether he wound up in the Department of State, the Department of Labor, the Department of Agriculture, in a major bank, in a multinational corporation, or wherever. But the emphasis should be more on the substance of what he was to be doing rather than the notion of being wrapped in a flag and sent half way around the world.

Q: Yes.

SALZMAN: This is in addition to the pragmatic difficulties of being a Foreign Service Officer today in a very different world. Diplomacy, style and security are no longer what they were.

Q: No.

SALZMAN: Of course, the security in particular is certainly no longer what it was. The standard of living is certainly not what it was. These are important considerations for anyone.

Q: Sure.

SALZMAN: They are not so important when you are twenty-two, but when you are thirty-eight, and you have two kids, and your wife is trying to get dinner, you think about them.

Q: Yes. Well, would there be anything else that you would like to share in terms of the oral history?

SALZMAN: If there is, I can't think of it at the moment. Thank you very much.

Q: You are so welcome. So this brings to a close the interview we have had with Mr. Herbert Salzman here in New York in his office. This is part of the senior officers project of the Association for Diplomatic Studies. I thank you very much, Mr. Salzman.

SALZMAN: Thank you, Mr. Evans.

End of interview